

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 13, 2005

PRESENT: Chairman Anthony Maiola and Patricia Russell; Aidan Moore, Chief of Enforcement; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Supervisor, Administrative Services. **Guests:** Al Picconi, United Beverages, Inc.

EXCUSED: Commissioner John Byrne.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D sales Reports:

Weekly sales for the week ending April 10, 2005 were down by -.47% or (\$30,112.00), but were up for the year by a little over 6% or \$17,680,113.

B. Budget/Administrative Reports:

After a walk-through of the Concord Warehouse last Thursday, Craig is waiting for a report from Risk Management making suggestions for improvement.

The current W-6 Expense Budget Activity Variance Report indicates the year to be at about 78% expired, with total agency expenditures at around 72%. A request has been forwarded to Fiscal Committee to transfer money into the utilities account, and another will be sent over for the benefits line deficit.

2. IT Report

Linda Wasilew from IT has been working on the Dolphin equipment, giving them the added ability to take pictures. This can be transferred onto the server and used for identification purposes. Work is also being done to give them the capability to scan the bar on the back of licenses. This should be accomplished within the next two weeks for about 220 Dolphins, one per register. Money has been budgeted for next year and the year after to obtain eight more pieces per year at a cost of about \$1,200 each.

Bulk activation of gift cards has been going fairly smoothly. It did take personnel a few minutes to understand how to obtain information from Paymentech.

3. Human Resources Report: No report presented.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 4/10/05 were down -2.25% or \$103,100.88, indicative of the fact that Easter occurred during this week last year. John Bunnell remarked that, even though a slight loss in sales occurred, the stores actually had a very good week.

A supervisor/manager's meeting is scheduled for next Tuesday at 10:00 a.m. in the first floor conference room.

A meeting was held in Keene regarding the new store last Friday. The roof has been finished, and work continues on the inside of the building. The two bids for fixtures will be opened today. Commissioner Maiola recommended that Peter meet with the contract winner to show them the type of equipment used in the stores.

Peter went to Berlin yesterday to visit several prospective sites. Also, work continues at the new Center Harbor site.

Craig mentioned that the portico over Store #1 Concord has been installed. Hopefully the safety issues concerning dripping water will not occur again.

2. Purchasing Report: No report presented.

3. Merchandising Report

- A. SPIRITS:

- 1) Spirit Case Sale Proposal:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a spirit case sale proposal of 15% off any 750ML spirit, mix or match, 12 bottles or more, to take place from Monday, May 9, 2005 through Sunday, May 22, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Test Market Products:

- a. Test Market Request (Gosling's Gold Rum):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Castle Brands/MHW, Ltd. for a new test market listing for Gosling's Gold Rum, 750ML size (assigned new Code #4838), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Result (Codes #3472, #3918, #3577 & #4688):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission grant specialty listings to Code #3918, Cabo Wabo Anejo Tequila, 750ML size and Code #3577, Effen Black Cherry Vodka, 750ML size, as both achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, but delist Code #3472, Greenall's Gin, 1.75L size and Code #4688, Hennessey VSOP Cognac, 375ML size, as both failed to achieve their respective gross profit requirements at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Line Extension Requests:

a. Burnett's Vodka, 750ML:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Heaven Hill Distilleries for a line extension of Burnett's Vodka, 750ML size (assigned new Code #3244), as this brand in the 1.75L size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Burnett's Gin, 750ML:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Heaven Hill Distilleries for a line extension of Burnett's Gin, 750ML size (assigned new Code #8841), as this brand in the 1.75L size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. Woodford Reserve Bourbon, 375ML:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a line extension of Woodford Reserve Bourbon, 375ML size (assigned new Code #1620), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) June Special Offers:

- a. 1 item (revised) – Perfecta Wine Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a revised special offer from Perfecta Wine Company, based upon a special purchase allowance for one (1) spirit item, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 1 item – M.S. Walker:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from M.S. Walker, NH, based upon a special purchase allowance for one (1) spirit item, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 6 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon special purchase allowances for six (6) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 26 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon special purchase allowances for twenty-six (26) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 11 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon special purchase allowances for eleven (11) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 125 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon special purchase allowances for one hundred twenty-five (125) spirit items, to be featured on sale during June 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for June 2005:

a. 6 items – Charles Zoulias:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Charles Zoulias, based upon depletions/special purchase allowances for six (6) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 16 items – Charles Saunders:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Charles Saunders, based upon depletions for sixteen (16) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 45 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions for forty-five (45) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 46 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions/special purchase allowances for forty-six (46) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 88 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for eighty-eight (88) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 67 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions/special purchase

allowances for sixty-seven (67) wine items, to be featured on sale during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Cluster 6 Wine Shelf Sets:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve wine shelf sets, based upon the new rules, for the following Cluster 6 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: #16 Woodsville, #26 Groveton, #29 Whitefield, #35 Hillsboro and #45 Pittsfield. The motion was unanimously adopted.

3) In-Store Tastings:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. to conduct in-store tastings in promotion of Screw Kapa Napa and Little Boomey wines on May 13 and 27, 2005 at six stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Close Outs:

a. 2 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the purchase and price reduction of two wine codes submitted by United Beverages, Inc., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 54 items:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve further close-out pricing reductions for fifty-four (54) wine codes, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Purchase & Display Sterling Pinot Noir:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Diageo Chateau & Estates for the Commission to purchase and display Sterling Pinot Noir during June and July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Purchase & Display Banfi Chianti Classico:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Banfi Vintners for the Commission to purchase and display Banfi Chianti Classico during June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Bonny Doon Big House Pink Purchase & Distribution:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from Martignetti Companies of N.H. for the Commission to purchase and display Bonny Doon Big House Pink during June and July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (10 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve ten (10) allocated wine codes for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) “R” Wines for Allocation to Licensees Selected by the Broker (1 item):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine code to be allocated to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 10) Primary Source Submissions (8 exclusive agent; 28 imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are offered by the exclusive marketing agent and twenty-eight (28) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT- None presented.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated April 7 through April 13, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.
3. Late Items/Other: None.

Anthony C. Maiola, Chairman

Patricia T. Russell, Commissioner

/D. Hartford

